

ASX / Media Release

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ASX code: **K2F**

K2fly Acquires Specialist Data Collaboration Company Infoscope

Highlights:

- K2F executes binding Share Sale Agreement to acquire a 100% interest in data collaboration specialist Infoscope Pty Ltd
 - Infoscope specialises in the connection of disparate data sources eliminating information silos and assembling different information layers to present a single source of data in a clear format around "Matter"
 - The Infoscope solution is directly applicable to the mining and materials, energy, utilities, infrastructure, cultural and environmental sectors - asset intensive industries in which K2fly already operates
 - Infoscope is an established revenue generating business with FY17 revenue of approximately \$1.5m and EBIT of approximately \$400,000
 - Acquisition represents an attractive EBIT multiple of 1.56 times and an outstanding opportunity for K2fly - preserving cash reserves in excess of \$1.2m post settlement
 - Infoscope is immediately cashflow positive with expected net cash inflows from operations in the next quarter of 2017
 - Consideration for the acquisition of Infoscope is made up of A\$625,000 payable in cash together with the issue of A\$275,000 worth of shares in K2F and the issue of 350,000 unlisted options in K2F
 - Is K2fly's first acquisition and represents a major step in the Company's growth strategy via complementary acquisitions and the organic growth of K2Fly's owned software, 3rd party software and consulting services
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Enterprise asset management technology company K2fly Limited (ASX: K2F) is pleased to announce that it has executed a binding Share Sale Agreement (**Agreement**) to acquire a 100% interest in data collaboration specialist Infoscope Pty Ltd (**Infoscope**).

This represents a highly complementary, synergistic and value accretive acquisition for K2fly. Infoscope is an established and successful business that owns and operates a leading edge data collaboration platform that connects disparate data sources and assembles multiple information layers to create a visually presentable data store.

Infoscope's client base includes major corporates, Fortescue Metals Group, BHP and Rio Tinto. The business delivered record revenue of approximately \$1.5 million for the year ended 30 June 2017 and an EBIT of approximately \$400,000.

The acquisition has been completed and settled following an extensive period of due diligence by K2fly.

Commenting on the acquisition of Infoscope, Executive Chairman of K2fly, Mr Brian Miller stated:

"We are delighted with the acquisition of Infoscope at such an attractive EBIT multiple allowing K2fly to conserve its current working capital. The Infoscope platform eliminates information silos, connecting disparate data sources, assembling the information layers to present a single source of data that is easily understood and provides greater transparency to the users of these different information layers."

"The acquisition of Infoscope provides K2fly with a significant entry into the mining industry, with FMG a key client of Infoscope. The Keeping Place project currently in implementation also involves FMG, BHP and Rio Tinto and is an exciting innovation in cultural heritage information management. This is an excellent product which will have a wide application to other resources' companies. This is how we are going to drive immediate revenue growth for Infoscope."

"Since our listing in November 2016, we have been actively engaged in evaluating several acquisition targets, and it was the growth possibilities and limitless upside associated with Infoscope that led us to make this acquisition."

Commenting on the acquisition, CEO of Infoscope, Mr Navin Nirmalrajan stated:

"Infoscope is excited about the future and the additional resources that our business will have access to as a result of the transaction with K2fly. Over the past twelve months we have been able to grow the revenue of Infoscope to approximately \$1,500,000 whilst maintaining a ~27% EBIT margin. We see the roll-up with K2fly as giving us the tools to continue to grow the Infoscope business and secure new clients in mining as well as other asset intensive industries."

Acquisition Consideration Terms

	Acquisition of a 100% interest in Infoscope	Status
Cash Consideration	A\$475,000 (funded from current cash reserves)	Paid
Loan Repayment (iScope Loan)	A\$150,247.29 (funded from current cash reserves)	Paid
Share Consideration	A\$275,000 worth of shares in K2F calculated using the 5-day VWAP of K2fly Shares prior to Settlement (Subject to 12 months escrow from the date of issue)	Issued and holding lock applied
Option Consideration	350,000 unlisted options, exercise price of 25 cents and a term of 3 years from the date of issue	Issued and placed on unlisted register



About Infoscope

Infoscope is a data collaboration platform that specialises in the connection of disparate data sources and assembles the different information layers to create a visually presentable data store that is easily configured and readily accessible. With leading edge market solutions, Infoscope is engaged with major corporates, including FMG, BHP and Rio Tinto, to bring innovative solutions to the market around data collaboration and operational efficiency. Infoscope was designed and developed to address a pressing corporate problem – information silos.

The unique Infoscope platform eliminates boundaries found in traditional systems by optimising every piece of information. This is achieved through the unique approach to data connections, where the user defines and connects disparate data sources to make sense of it all. The connections are only limited by the extent of the use and the system can extend as the business evolves and the business needs expand. Infoscope provides new perspectives to data through limitless connections and visually integrated presentation.

The system provides secure, powerful, comprehensive management of all information to operate efficiently, meet compliance requirements and reduce risk.

The Infoscope platform has been used to solve information silos in functional areas such as Stakeholder Engagement, Property Access, Tenement Administration, Cultural Heritage and Environmental Monitoring. Infoscope ensures that the Intellectual Property regarding how the platform is used to solve these problems remains with Infoscope. This allows Infoscope to offer “pre-built” solutions in these functional areas to other organisations within an industry and across industries.

The Infoscope platform has connectors which extract data from multiple systems such as Enterprise Resource Planning Systems, Geospatial Information Systems, Document Management Systems and Workflow Engines.

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The Infoscope solution is directly applicable to the mining and resources, energy and utilities, infrastructure, environment and biodiversity and cultural heritage sectors.

For more information on Infoscope, refer to www.infoscope.com.au

Infoscope: Financial Performance

Infoscope has been successfully increasing its revenue over the past 5 years.

In the last financial year Infoscope was awarded two (2) major contracts, one (1) with an existing customer, Fortescue Metals Group and the other with The National Trust (WA) on behalf of three (3) large WA mining businesses and three (3) Aboriginal Corporations.

The table below highlights the revenue growth of Infoscope over the past 5 years.

Year (ending)	30 June 2012	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Revenue	\$411,866	\$556,193	\$677,382	\$664,567	\$523,149

Based on unaudited management accounts, for the financial year ended 30 June 2017, Infoscope has delivered a record revenue of approximately \$1,500,000 (up ~200% on FY'16) with a corresponding maintainable EBIT of approximately \$400,000.

Infoscope has no debt following the acquisition by K2fly. In addition, Infoscope has an accounts receivable balance of approximately \$330,000 which is anticipated to be paid before the end of July 2017.

Infoscope: Growth Strategy

K2fly will implement a growth strategy for Infoscope that is centred around four (4) key components:

(i) Same Application – Same Sector – Different Company

Target other mining companies with the stakeholder, property, tenement, cultural and environmental solution capabilities already built with the platform and used in the mining industry.

(ii) Same Application – Different Sector – Different Company

Target other industries (such as Onshore Oil and Gas, Utilities) with similar business problems and information silos relating to stakeholder, property, tenement, cultural and environmental management.

(iii) Different Application – Same Sector – Same Company

Target existing customers who have seen how the platform addresses information silos in certain functional areas and have other business problems and information silos across the organisation that would benefit from a similar solution.

(iv) **Different Application – Different Sector – Different Company**

Target new industries (within the asset intensive industries serviced by K2fly) with business problems and information silos that could be addressed through the configuration and deployment of the Infoscope platform.

Integration Synergies

There are a number of synergies expected to be harvested through the acquisition. The operations of Infoscope will be tightly integrated with the operations of K2fly to ensure:

- Business Development leverages the opportunities to position Infoscope into existing K2fly customers and position K2fly in existing Infoscope customers. Going forward, it will also allow K2fly to present a broader solution of wrap around technologies and capabilities in Asset Management, enhancing its reputation and position as a value added partner in Asset Management for Asset Intensive Industries.
- Development Teams will be gradually combined. The Infoscope platform is based on the Microsoft Suite, which is the same as the core K2fly product, ADAM. Infoscope also used the same nearshore development partner Mitrais, allowing this core relationship to be strengthened and optimised. The majority of Infoscope's current customer base is in Western Australia, so the team will be co-located in K2fly's office.
- Back Office consolidation will occur across accounting, Legal, HR, Insurance, IT and other overlapping functions to remove duplication and to leverage economies of scale.

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About K2fly

K2fly Limited is an ASX listed Enterprise Asset Management technology company, which specialises in the provision of infrastructure asset management to asset intensive industries via a software technology platform and consulting services. K2fly's technology allows an organisation to manage and maintain its asset data and deliver more effective and efficient outcomes via a single, centralised system. The technology has a strong track record of empowering organisations to make better informed long term decisions in relation to the operation, management and maintenance of its physical assets.

K2fly owns the following proprietary asset management and asset maintenance technologies for use in vertically-integrated asset intensive industries:

ADAM Asset Data Analysis Management

NovIn Real Time Asset Inspection Management App

DocMan Mobility Solutions: Task Management App

TagMan Mobility Solutions: Asset Verification App

HandoverNotes Mobility Solutions: Electronic Information Sharing App

PropertyInspector Mobility Solutions: Asset Inspection App

K2fly also re-sells market leading software which has been developed by industry leaders in the USA and UK. These solutions come from OBI Partners (USA), Pointerra Limited (Aus) and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients.

Finally, K2fly provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, Facilities Management, Aviation and Defence.